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S2	46	customiz\$5 and lifestyle and plan and (retirement or (old adj age))	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2005/04/07 09:24
S3	848	financial and advisor	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2005/04/07 09:34
S4	171	S3 and retirement	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2005/04/07 09:34
S5	152	(S2 or S4) and (online on?line internet (web adj site) (web adj page))	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2005/04/07 09:42
S6	41	S2 and (online on?line internet (web adj site) (web adj page))	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2005/04/07 09:41
S7	119	S5 and (interview interactiv\$3 (questions near3 answer))	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2005/04/07 14:16
S8	39	S6 and S7	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2005/04/07 09:43

S9	114	S7 and database	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2005/04/07 14:34
S10	11	("5479344" "5918217" "6012043" "6012044" "6021397" "6236975").pn.	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2005/04/07 14:34
S11	3	S9 and S10	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2005/04/07 14:34
S12	39	("6021397").URPN.	USPAT	OR	ON	2005/04/07 14:36

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The Washington Post

Old Money, New Money; Whether Young or Old, Preparing for the Day When You Leave The World of Work Involves Careful Planning, Tough Choices; OLDER: 10 Decisions Can Ease Transition; [FINAL Edition]

Stan Hinden. The Washington Post. Washington, D.C.: Jan 24, 1999. pg. H.01.

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Abstract (Document Summary)

Your answer will depend on your age, your job, your financial situation, your health and your outlook on life. Ask yourself whether you are ready to give up working and everything that goes with it, including the challenges, frustrations and the familiar routines of your job. Ask yourself: "Will I miss working and the people I work with?"

Pension plans vary widely, but most plans will give you several options: If you're married, you can accept a reduced monthly payment so that your spouse can receive part of your pension after you die. Or if your spouse agrees, you can take the entire amount of your monthly pension for as long as you live. But when you die, the payments cease. Some companies also may allow retirees to take their pensions in a lump sum or choose other payment options.

Michael C. Bahr, retirement specialist at The [Washington Post](#), tells me that the most popular choice among Post retirees is the 50 percent spousal benefit. Assume that you and your spouse are both 65 when you retire and your full pension is \$1,000 a month. If you take a 50 percent spousal benefit, you would get \$880 a month for your lifetime; after your death, your spouse would get \$440 for life. If your spouse dies first, your payment stays at \$880.

Full Text (3337 words)

Copyright The Washington Post Company Jan 24, 1999

CORRECTION The World Wide Web site of the National Association of Retired Federal Employees was listed incorrectly in Sunday's Business section. The correct Internet address is www.narfe.org. State chapters of the association use www.narfe.com. (PUBLISHED 01/27/99)

When I was a young man, I envisioned retirement as an endless holiday, with lots of time for golf, travel and family, and very little time for worry or anxiety.

How naive I was! When I finally was ready to leave the workaday world, I discovered that there's nothing restful or relaxing about the process of retiring. Before you can have any fun, you have to work your way through a series of tough retirement decisions.

I had to make many of those decisions when I retired from The Washington Post's Business section in 1996. I hope that what I've learned since then will help people preparing to retire in the next several years.

Based on my experience, I believe that most retirees will be faced with 10 key decisions. They're not simple decisions (you may need help from an accountant or financial adviser), and they will all take careful study.

Here they are:

* Decision One: Am I Ready to Retire?

Answer: This is a tough one. It took me four years to decide.

Your answer will depend on your age, your job, your financial situation, your health and your outlook on life. Ask yourself whether you are ready to give up working and everything that goes with it, including the challenges, frustrations and the familiar routines of your job. Ask yourself: "Will I miss working and the people I work with?"

Those are serious questions. Although people like to scoff at the idea that they love their jobs, work plays an important role in our lives. It provides us with a sense of purpose and accomplishment and, of course, a place to go in the morning--and meet our friends and colleagues.

All of that goes away when you step out of the working world, I found. So it's not surprising to me that many retirees say they miss work--or at least the friends and shared experiences they had at work.

If and when you decide you are ready, then you must first answer the next question.

* Decision Two: Can I Afford to Retire?

Answer: Get out your calculator.

Financial planners say you'll need about 70 percent of your wages to maintain your **lifestyle** in retirement. Make a detailed list of your monthly expenses. Then list where the money will come from to pay those bills. Let's hope they'll match.

Many retirees draw their income from Social Security, company pensions and savings accumulated during their working years. My wife, Sara, and I were fortunate to each retire with company pensions. My pension came from The Washington Post Co., Sara's from General Electric Co. Without them, we'd be living on a much smaller budget.

Unfortunately, many retirees do not have pensions. Some firms have replaced their pensions with employee savings plans. Although companies may contribute to those plans, employees bear most of the **cost** of funding their retirements. For example, an employee would have to save \$171,000 to draw a retirement income of \$1,000 a month for 25 years.

The corporate **cost** cutting that's caused many employers to cut back on pensions could help some retirees financially. These days, many workers are offered early-retirement buyouts, which may include bonuses and other

benefits. But before you accept a buyout, study it carefully to see whether it will help you more than hurt you.

*** Decision Three: When Should I Apply for Social Security?**

Answer: Three months before you retire.

The traditional retirement age is 65—perhaps because it's the age at which most people currently qualify for full Social Security benefits. But you can retire earlier or later and still get Social Security.

You can retire at age 62 and get a Social Security payment that's been reduced by 20 percent. (Medicare generally will not be available until you're 65.) You can work past 65 and increase your benefits. A special yearly credit is added to the accounts of people who delay retirement. This year, for a 65-year-old, the credit will be 5.5 percent.

There may be another benefit to retiring later than 65. Many retirees work to earn extra money. If retirees earn more than a specific amount, however, they have to give back some of their Social Security benefits.

If you're under age 65, the earnings limit in 1999 is \$9,600. If you earn more, \$1 is withheld from Social Security benefits for every \$2 over the limit.

If you're age 65 to 69, the earnings limit in 1999 is \$15,500. And \$1 is withheld from benefits for every \$3 over the limit.

If you're 70 or older, you can earn as much as you want without penalty.

But the financial benefits of working after retirement may be reduced because the additional income can put you in a higher tax bracket and also can affect how much of your Social Security is taxed. Ask an accountant to tell you how working after retirement will affect your taxes.

*** Decision Four: How Should I Take My Pension Payments?**

Answer: By whatever method gives you the best deal.

Pension plans vary widely, but most plans will give you several options: If you're married, you can accept a reduced monthly payment so that your spouse can receive part of your pension after you die. Or if your spouse agrees, you can take the entire amount of your monthly pension for as long as you live. But when you die, the payments cease. Some companies also may allow retirees to take their pensions in a lump sum or choose other payment options.

Michael C. Bahr, retirement specialist at The Washington Post, tells me that the most popular choice among Post retirees is the 50 percent spousal benefit. Assume that you and your spouse are both 65 when you retire and your full pension is \$1,000 a month. If you take a 50 percent spousal benefit, you would get \$880 a month for your lifetime; after your death, your spouse would get \$440 for life. If your spouse dies first, your payment stays at \$880.

The decision on whether to take a full pension or a spousal benefit or other option should be made in the light of your overall financial and tax situation. When I retired from The Post, I took my full pension to maximize our retirement income. I did that because Sara and I felt that I had enough life insurance to provide her with an equal amount of income for many years if my pension were to stop. She also has her own pension.

*** Decision Five: What Should I Do With the Money in My Company Savings Plan?**

Answer: Make it work for you.

If you've been putting money into your company savings or 401(k) plan for 20 or 30 years, you could retire with a nest egg of several hundred thousand dollars. Before you start thinking new cars and cruises, remember that you may have to depend on those savings to generate income for the rest of your life.

"Before you make any decisions about either your pension or savings, make sure you fully understand all your

options," said certified public accountant William A. Fritz Jr., head of Fritz & Co. in Fairfax. Your decisions, he said, should be based on your overall financial and tax situation. "There are no boilerplate answers," Fritz said.

When it comes to your savings plan, you'll have several choices. One option is to take the money in a lump sum. But you'll pay federal and state income taxes on the whole amount. And if you're under age 59 1/2, you also may have to pay a 10 percent early-withdrawal penalty.

A second option, if your company allows, is to leave your savings in your company plan. A third option is to roll over your savings to a traditional individual retirement account at a mutual fund or brokerage firm. If you use a direct rollover, the money will go straight from your employer to the new rollover IRA without any tax withholding.

Essentially, a rollover to an IRA allows you to keep your money growing so it can provide you with income during your retirement years. It also spreads the taxes over the rest of your life. When Sara and I retired, we both did rollovers. Sara's went to a mutual fund company, mine to a brokerage firm. Although the financial markets have given us some frightening moments, our investments have grown.

* Decision Six: How Do I Take Money Out of My IRAs?

Answer: Very carefully.

For years, you socked away money in your company savings plan, and the IRS said: "Pay me later." But when you reach the age of 70 1/2, the IRS will start to say: "Pay me now." The Internal Revenue Service requires you at that age to start to withdraw money from your IRA accounts and to pay income taxes on those amounts. There are several complicated methods for making withdrawals, and you'll have to decide which one is right for you. Mutual funds and brokerage firms will help you figure it out. But it also might be useful to review your situation with a financial adviser. Sara and I have started our withdrawals, which will take place over 20 years.

* Decision Seven: How Should I Invest During Retirement?

Answer: Thoughtfully. Once you've taken a lump sum or rolled over your savings into an IRA account, you must decide how to keep that money growing so you don't outlive your nest egg.

Although inflation has been subdued recently, it averaged 4.6 percent a year during the 20 years from 1977 to 1997. If you retired in 1977 with \$20,000 in savings, inflation would have reduced your purchasing power to \$7,500 by 1997, according to T. Rowe Price Associates Inc.

That's why retirees are advised not to be too conservative in their investments. It may seem safe to put all of one's savings in money-market funds, bank CDs or even government bonds—but if they are paying 4 or 5 percent interest when inflation is running at 6 or 7 percent or more, your purchasing power is shrinking.

A retiree's goal should be to develop an investment portfolio that provides safety and liquidity, current income for living expenses and growth of capital. How do you do this? The best way is to use a mix of stock, bond and money-market investments. Generally, bonds provide income while stocks provide growth.

Over the 73 years from 1926 to 1998, large-company stocks returned an average of 11.2 percent a year while long-term government bonds returned 5.3 percent a year, according to Ibbotson Associates Inc., a Chicago research firm.

While stocks are more volatile than bonds, volatility can be reduced by using conservative mutual funds, such as equity income funds, which invest in high-yielding stocks, and balanced funds, which invest in both stocks and bonds. T. Rowe Price research shows that, in bear markets, these funds declined less and came back faster than the overall market.

Fortunately, there is no shortage of information or advice about investing. Whether you plan to retire next year or 20 years from now, it's vital that you learn about stocks, bonds and mutual funds. Knowing how to invest could make a huge difference in the quality of your retirement.

* Decision Eight: What Should I Do About Health Insurance?

Answer: Worry a lot. When you get into your retirement years, and the threat of illness rises, medical insurance is vital to your peace of mind and financial stability.

Most retirees over 65 get their primary health coverage through Medicare, the federal insurance program. Medicare Part A pays a portion of hospital expenses, and Medicare Part B pays a portion of doctor bills. Most people on Medicare pay \$45.50 a month for Part B coverage; the money is deducted from their Social Security checks.

Three months before you turn 65—even if you don't plan to retire at that age—call Social Security to sign up for Medicare—even if you don't plan to use it until you stop working.

Many retirees buy "medigap" policies to pay for the hospital and medical deductibles that Medicare does not cover. The government has created 10 standard medigap policies—listed as "A" through "J," but not all companies sell all 10 policies. The cost of a medigap policy generally rises with the amount of services provided. Medigap policies that provide prescription coverage usually cost the most.

In the Washington area, retirees at age 65 pay \$500 to \$875 a year for basic "A"-level coverage. Top-rated "J"-level policies range from \$2,000 to \$3,000, according to Leta S. Blank and Donna Cornman, who run the Senior Health Insurance Counseling and Advocacy Programs in Montgomery and Arlington counties, respectively.

One alternative to buying a medigap policy is to join a Medicare HMO. The HMO will provide for most of your hospital and medical needs, although there may be co-payments and a limit on prescription benefits.

If you join, however, be alert for changes in your coverage. An estimated 37,000 people who joined Medicare HMOs in the Washington area several years ago recently found themselves without coverage when their insurers decided to exit the business in this area. Most people joined one of four other area Medicare HMOs; the rest went back to original Medicare.

There's one other health-care decision to think about: Should you buy a long-term care (nursing home) insurance policy? Depending on your age, and the type of coverage, a policy can cost from \$500 to \$6,000 a year. In Blank's view, individuals should buy long-term care insurance only if their annual incomes are more than \$30,000 and if they have assets of \$100,000 to \$500,000, not including their home.

Blank says: "Buy long-term care insurance only if you can afford it without making a lifestyle change and if you have the ability to afford a 20 percent to 30 percent increase in premiums in future years."

* Decision Nine: Where Do I Want to Live in Retirement?

Answer: Florida. Arizona. North Carolina. California. Or any other place you like. Over the years, many of our retired friends and relatives have relocated to all of those areas to get away from northern winters and to enjoy golf, tennis, the seashore and other attractions.

Sara and I considered a move to Florida, where we have many relatives and where we would enjoy the balmy winter climate. But even though it would be somewhat cheaper to live in Florida, we decided to stay in our Washington area retirement community to be close to our children and grandchildren.

Obviously, where you live during retirement is a decision that depends on an array of personal factors—including the condition of your finances. Before you decide to relocate, make a careful study of several communities and the cost of living in each of those areas.

One word of caution: If you're considering a retirement move to another part of the country, don't underestimate the difficulty of leaving behind your friends, relatives and familiar surroundings. Adjusting to a new community and trying to make new friends can be difficult—especially for older people. While it can be done, it may take more time than you expect.

* Decision 10: What Kind of Lifestyle Is Right for You?

Answer: Whatever makes you happy.

Of all the decisions you have to make about retirement, this is the most fun. You can say: "Okay, I've worked for 35 years, and now I've got the time and freedom to do things I've always wanted to do."

Perhaps you'd like to learn to play a musical instrument, take ice-skating lessons, study a foreign language or take up painting. Perhaps you have the urge to work as a substitute teacher, a hospital volunteer or a youth counselor.

The possibilities are limitless. But when you retire, it's vital that you decide quickly what you want to do--and then do it. Staying active--mentally and physically-- is the key to a happy, healthy and productive retirement.


Suggested Long-Term Investment Mixes

Age 60-74

Reserves 20%

Bonds 40%

Stocks 40%

NOTE: These are  Vanguard's suggested mixes for a moderate retirement investor in an employer-sponsored plan. You may want to vary your mix based on your personal situation. When determining your mix, please take into account all of your personal savings, including the amount of your employer's plan.

Your Retirement Decisions: Where to Get Help

Social Security

The Social Security Administration's toll-free number is 1-800- 772-1213. You can speak to a service representative between 7 a.m. and 7 p.m. Monday through Friday. To find out how much money you're likely to receive when you retire, ask for a form you can use to get a Personal Earnings and Benefit Estimate Statement.

Information about Social Security also is available on the Internet at www.ssa.gov.

The agency has an assortment of booklets that describe the many Social Security programs. Copies are available at local Social Security offices.

Medicare

The Health Care Financing Administration (HCFA), which runs Medicare, is engaged in a five-state test of a new "Medicare and You" booklet, which describes Medicare benefits and the new Medicare Plus Choice health plans.

Eventually, all Medicare recipients will receive a copy each year.

In the interim, Medicare has distributed a Medicare and You Bulletin to Medicare recipients in states not participating in the test. Copies of both publications are available on the Internet at www.medicare.gov.

You can request information on Medicare Plus Choice health plans available in your area by calling 1-800-318-2596.

Medicare and Medigap policies

A 12-page booklet, "Medicare Health Plan Choices: 1999 Consumer Update," is available from the United Seniors Health Cooperative in Washington. Send a self-addressed, business-size envelope with 55 cents postage to:

United Seniors Health Cooperative

409 Third St. SW

Suite 200

Health insurance counseling

Free advice on health insurance problems is available in most communities from the Senior Health Insurance Counseling and Advocacy Program. To find a counselor, call:

Maryland:

Leta S. Blank

301-590-2819

Virginia:

Donna Cornman

703-228-5030

The District:

L. Sue Andersen

202-676-3900

Long-term care insurance

There's lots of information in "Long-Term Care Planning: A Dollar and Sense Guide," published by United Seniors Health Cooperative. This easy-to-read, 100-page book is available for \$18 (includes postage and handling) from:

United Seniors Health Cooperative

409 Third St. SW

Suite 200

For credit card orders call: 1-800-637-2604.

IRA withdrawals

For help in making IRA withdrawals when you reach age 70 1/2, request a free copy of the Salomon Smith Barney IRA Distribution Manual, which is available by calling 1-800-327-6748, Ext. 984. Also, T. Rowe Price Associates offers a free booklet: "Understanding Minimum Required Distributions." Call 1-800-638-5660.

Retirement planning

Many mutual funds and brokerage firms offer retirement-related information and software to help future retirees analyze their finances.

The Retirees Financial Guide published by T. Rowe Price Associates is especially useful. Call 1-800-638-5660 for a

free copy.

Information also will be found at fund companies' Web sites. Among them: www.troweprice.com, www.vanguard.com and www.fidelity.com.

Other Internet sites: There are many Web sites devoted to subjects of interest to retirees. They include:

www.aarp.org

The opening page of the AARP Web site will lead you to "information and research," which will lead you to the [AARP's "Guide to Internet Resources Related to Aging."](#) And that will lead you to dozens of Web sites devoted to aging and retirement.

www.narfe.com

The Web site of the National Association of Retired Federal Employees contains extensive information on Medicare and federal health benefits, Social Security, the thrift savings plan and other subjects.

www.aoa.dhhs.gov

The Web site of the federal Administration on Aging offers information on a wide variety of subjects affecting senior citizens.

www.seniors.yahoo.com

Yahoo SeniorsGuide offers chat rooms and a variety of information on issues affecting retirees.

www.investorguide.com/retirement.htm

This site, sponsored by Web Finance Inc., deals with a wide variety of retirement subjects and issues.

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[New! Dissertations in ABI/INFORM](#)**Document View**[<< Back to Results](#)[< Previous](#) Document 2 of 33 [Next >](#)[Publisher Information](#)[Print](#)[Email](#)☐ Mark Document[Abstract](#) , [Full Text](#)**AT THE FINISH LINE... 10 DECISIONS CAN HELP RETIREES GET IN SHAPE; [METRO Edition]***Stan Hinden, Washington Post. Orlando Sentinel. Orlando, Fla.: Feb 21, 1999. pg. H.1*[» Jump to full text](#)

Author(s): [Stan Hinden, Washington Post](#)
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did=40934729&sid=2&Fmt=7&clientId=19649&RQT=309&VName=PQD](http://proquest.umi.com/pqdweb?did=40934729&sid=2&Fmt=7&clientId=19649&RQT=309&VName=PQD)

More Like This [» Show Options for finding similar documents](#)**Abstract** (Document Summary)

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Full Text (1227 words)*(Copyright 1999 by The Orlando Sentinel)*

See related story on page H1.

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I think most retirees will be faced with 10 key decisions. They're not simple - you may need help from an accountant or financial adviser - and they all require careful study.

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Answer: This is a tough one. It took me four years to decide.

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A: Very carefully.

For years, you socked away money in your company savings plan, and the Internal Revenue Service said, "Pay me later." But when you reach age 70½, the IRS will say, "Pay me now."

At that age, the Internal Revenue Service requires you to start to withdraw money from your IRA accounts and to pay income taxes on those amounts. There are several complicated methods for making withdrawals. Mutual funds and brokerages will help you figure it out; it also might be useful to review your situation with a **financial adviser**.

7. How should I invest during retirement?

A: Thoughtfully.

Once you've taken a lump sum or rolled over your savings into an IRA account, you must decide how to keep that money growing so you don't outlive your nest egg.

Although inflation has been subdued recently, it averaged 4.6 percent a year during the 20 years from 1977 to 1997. If you retired in 1977 with \$20,000 in savings, inflation would have reduced your purchasing power to \$7,500 by 1997, according to T. Rowe Price Associates Inc.

That's why retirees are advised not to invest too conservatively.

8. What should I do about health insurance?

A: Worry a lot. When you get into your retirement years, and the threat of illness rises, medical insurance is vital to your peace of mind and financial stability.

Most retirees older than 65 get their primary health coverage through Medicare, the federal insurance program.

Three months before you turn 65 - even if you don't plan to retire at that age - call Social Security to sign up for Medicare, even if you don't plan to use it until you stop working.

Many retirees buy "medigap" policies to pay for the hospital and medical deductibles that Medicare does not cover.

9. Where do I want to retire to?

A: Florida. Arizona. California. Any place you like.

It depends on an array of personal factors, including your finances. Before relocating, study several communities and the cost of living in each.

Don't underestimate the difficulty of leaving friends, relatives and familiar surroundings and adjusting to new ones. It can be done, but it may take more time than you expect.

10. What kind of lifestyle is right for you?

A: Whatever makes you happy.

Of all the decisions you must make, this is the most fun. Perhaps you would like to learn to play a musical instrument, take ice- skating lessons or study a foreign language. Perhaps you want to work as a substitute teacher, a hospital volunteer or a youth counselor.

But it's vital that you decide quickly what you want to do - and then do it. Staying mentally and physically active is the key to a happy, healthy and productive retirement.

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Financial counseling: A model for family and consumer sciences professionals

Flora L Williams. Journal of Family and Consumer Sciences. Alexandria: Winter 1997. Vol. 89, Iss. 4; pg. 41, 8 pgs

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Abstract (Document Summary)

Williams proposes a model in the financial counseling field to assist families and individuals. The model integrates theories in basic disciplines and processes to promote quality of life.

Full Text (5151 words)

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[Headnote]

Abstract: Financial counseling and planning are vital contributions that professionals in Family and Consumer Sciences can make to families. A model is proposed that defines areas where professionals can contribute, the processes they can apply, and their ultimate impact. The basic theories for these evolving areas are grounded in fields of Family and Consumer Sciences such as family economics, resource management, and housing. The goals of wellbeing in financial counseling are consistent with the mission of Family and Consumer Sciences. The approach is holistic and integrates the areas of specialization in the field to assist individuals and families in their search for quality of life. Professionals can expand their expertise and enlarge their mission by applying this model.

The purposes of this article are to expand the mission and enlarge the expertise of Family and Consumer Sciences professionals by developing a model in the financial counseling field to assist individuals and families. The financial counseling model integrates traditional theories in basic disciplines and processes to promote quality of life. The model can increase awareness of students, customers, clients, and members of the community in opportunities for developing knowledge and skills in specialized areas of service. Issues such as the confusion between counseling and planning are addressed, and differences between financial counseling and planning are examined.

Financial Counseling and Planning Evolution of the Field

It is time for more Family and Consumer Sciences professionals to become involved in financial counseling and planning. A model for these professionals to define their role and expand their skills is presented. As the field of financial counseling evolves, it more closely resembles the purposes, ideals, and holistic approach home economists have traditionally embraced. Furthermore, Family and Consumer Sciences can contribute to the evolving field by contributing expertise in specific subjects to practitioners in the field in areas of financial counseling as shown in the model developed for this article. Opportunities for employment of Family and Consumer Sciences professionals are increasing as the field expands in areas such as housing counseling, vocational or employment counseling, and retirement planning.

Financial counselors and planners assist individuals and families in their quest for economic well-being and quality of life, as do most Family and Consumer Sciences professionals. They assist through a comprehensive approach as shown in the model or through a single focus, a selected part of the model. Financial counseling is the professional field where practitioners help their clients use their resources creatively and effectively.

The financial counselor assists clients by assessing resources, suggesting alternatives to current financial practices, and helping clients mobilize their resources to achieve economic security and wellbeing.

In financial planning particularly, suggestions for changing or repositioning assets to increase wealth are made concrete in a written plan. In financial counseling, education and intervention are professionally practiced to change behavior and resolve problems that interfere in the quest for economic well-being. The professional practice of financial counseling and financial planning will continue to evolve as professionals become more responsive to the needs of diverse clients in a changing economy.

The other forces defining curriculum content for educating counselors and planners are the certifying bodies: the CFP Board of Standards and Practices for certifying financial planners, the Accredited Financial Counselor certification program directed by the Association for Financial Counseling and Planning Education, and the National Foundation for Consumer Credit who certifies consumer credit counselors.

Role of the Financial Counselor

The financial counselor provides direction and education for clients in times of uncertainty and indecision; provides stability in times of transition and unplanned change; and provides hope by suggesting alternative plans of action in times of despair and distress. Most importantly, the financial counselor helps the client build morale to attempt to attain the seemingly impossible **dream**.

The financial counselor helps clients make decisions by calculating in quantifiable terms the financial resources needed to meet goals, the costs of the proposed debt adjustment, and the relative returns on potential investments. With this information, the counselor helps clients resolve the problems that severely limit their financial freedom. Often, the counselor can provide some peace of mind to families otherwise torn apart by financial problems. The counselor provides tools for clients to handle their dealings in the marketplace and with financial institutions. These techniques encourage clients to speak with a strong voice and act with confidence in their financial and consumer affairs.

One term that describes the role of the financial counselor is "change expert." Clients are aided in changing their income, expenditures, investments, problem-solving methods, and communication patterns about money; strengthening their self-concept in times of financial crisis; and modifying their plans to develop a more economically secure future. The financial counselor helps clients reorder priorities when a crisis or new situation occurs and change their household or business system to meet obligations and improve family functioning. Counselors help clients evaluate their risk management and make changes where needed.

The financial counselor is also referred to as a "resource adjustment consultant" during times of transition. For example, when clients are changing from one stage of life to another, the counselor identifies the issues and decisions to be made and provides information for handling change and implementing the decisions involved. The counselor or planner is a valuable resource to clients in times of change, such as beginning a marriage, financing a college education, arranging a retirement, settling a divorce, or caring for elderly-dependent parents. The financial counselor helps clients adjust their resources when changing from a credit-to cash consumer and vice versa. Financial planners help clients through the stages of accumulation of wealth to the distribution of wealth.

Application of psychological principles is useful in reinforcing the client's self-concept during such difficult

experiences as unemployment, lawsuits, inability to organize finances, or denial of credit. Because some of these events occur as the result of past mistakes or due to the individual's lack of control, the counselor must encourage the client to adjust attitudes toward the realities of the situation, striving to change real or perceived barriers that would prevent them from attaining their financial objectives. For example, the client may be taught to adjust the risk tolerance of investments to maximize available resources.

The financial counselor applies principles and techniques that motivate clients to change. The counselor then applies financial analysis to show clients precisely where to change and helps motivate them to action. Clients would not need a financial counselor if change were not involved or if clients had the knowledge to change themselves. The counselor helps generate alternatives from which clients can choose on what, how, when, and where to change. The counselor applies economic principles by promoting changes using the Pareto Optimality criteria of increased effectiveness, helping clients increase efficiency, and working to ensure at least one party becomes better off and none worse off.

The financial counselor's responsibilities include studying changes in the economy, studying changes in marketplace transactions, evaluating changes in consumer/financial legislation, and learning about changes in products or instruments used in the financial arena. The financial counselor or planner interprets these changes for clients and clarifies their impact on making decisions.

The financial counselor works to change clients' expectations and goals, sometimes increasing them to enhance their lifestyle and sometimes lowering them to achieve a realistic matching of expenses and income. The counselor helps clients adjust their view of their financial situation and of themselves in handling financial affairs, assisting in changing patterns of consumption and enabling clients to be more productive with their money (or more successful in employment).

The financial counselor changes society indirectly by helping citizens become more informed about financial matters and better equipped to make decisions that will lead to a more smoothly functioning society. These professionals bring clarity of purpose to the decision-making process. Financial planners assist in organizing previously mismanaged financial affairs or in bringing order to decisions about complex liabilities and assets.

In summary, the financial counselor understands how change affects a client's life and uses knowledge of change in the financial world to help clients in times of crisis, allowing the client to improve his or her quality of life. Financial counseling as a professional field can be defined and developed by establishing the areas of change in which to assist clients and suggesting specific recommendations appropriate for the client in each area.

Regardless of the focus, the financial counselor can enhance the client's life by focusing on quality of life for the present and the future. Some professionals focus on change involving investments while others focus on retirement planning. Some focus on the operations of a family business while others focus on debt adjustment and credit control. Some focus on crisis intervention including, for example, divorce counseling or mediation while others focus on sales transactions for the benefit of the client. Still others focus on education and are able to interweave financial counseling into their services, such as their Family and Consumer Sciences classes in high school.

Development of the Model of

Financial Counseling

Evolution of Related Areas

The fundamental management procedures of planning, controlling, implementing, and evaluating in the applied discipline of resource management are the foundation of the relatively new professions of financial counseling and planning. Communication techniques have been recognized as vital to both financial counseling and financial planning (Pulvino, Lee, & Foreman, 1987). Financial planning procedures can be seen in the statement of the Registry of Financial Planning Practitioners (1984):

Total Financial Planning is a clientoriented process focusing on all the psychological and financial factors which have an impact on a person's life. Although each financial planning practitioner has his or her own style, and their practices may vary in size and clientele, the element which unifies all those listed on The Registry is their involvement in specific activities for the benefit of their clients. These activities are known as the Total Financial

Planning Process, in which the practitioner helps to:

1. Clarify [the] present situation through collecting and assessing all relevant financial data such as lists of assets and liabilities, tax returns, records of securities transactions, [and] insurance policies.
2. Decide direction by identifying both financial and personal goals and objectives. The financial planning practitioner helps clarify financial and personal values and attitudes. These may include providing for your children's college education, supporting elderly parents, or relieving immediate financial pressures which would help maintain [the] current lifestyle and provide for retirement. These considerations are as important as what's in the bank account in determining the best financial planning strategy for you.
3. Identify financial problems which create barriers to financial independence. Problem areas can include too little or too much insurance coverage or a high tax burden. The cash flow may be inadequate, or current investments may not be winning the battle with inflation. These possible problems areas must be identified before solutions can be found.
4. Provide written recommendations and alternative solutions. The length of the recommendations will vary with the complexity of the individual situation, but they always would be structured to meet needs without [placing an] emphasis on purchasing certain investment products.
5. Implement or coordinate the implementation of the right strategy to assure that you reach your goals and objectives. A financial plan is only helpful if the recommendations are put into action. The practitioner should assist either in actually implementing the recommendations or in coordinating the implementing with other knowledgeable professionals.
6. Provide periodic review and revision of the plan to assure that goals are achieved. The financial situation should be reassessed at least once a year to account for changes in life and current economic conditions. (The Registry of Financial Planning Practitioners, 1984.)

The distinction among areas related to financial counseling and planning is based on content and focus. Education focuses on the processes of delivery, whereas financial counseling focuses on a one-to-one delivery. Information focuses on facts that change behavior for some people, whereas financial counseling focuses on the process in changing behavior. Family economics and resource management is the study of the concepts and principles in the context of the macro and micro environments that influence levels of living, whereas financial counseling is the application of those concepts and principles to assist an individual or family in its unique situation and individualized goals. Financial planning, as commonly used in the industry, assists individuals in repositioning assets for obtaining financial goals, such as independence and security. Financial planning also focuses on financial investments, whereas family economics and financial counseling focus on both human and financial investments with the holistic approach to quality life. Family economics and financial counseling are integrated (Hogan, 1985). Credit counseling usually has a single focus, a one-issue approach, and resolves a particular credit or consumer rights problem.

Financial planning is based on personal finance concepts and centers on the time-value of money. Financial counseling is based on theories of behavior modification, educational strategies, communication skills, and family economics concepts.

Financial planning starts with objectives and examines the assumptions and barriers to meet them. Financial counseling starts with a financial problem or crisis, applies intervention techniques, and then clarifies objectives with prescribed plans. Both financial planning and financial counseling use principles and techniques to implement plans. The main distinction between financial counseling and financial planning is that the planner wants to develop a dependent relationship with a client, whereas the counselor wants an independent relationship after the client has enough recommendations and morale to be self-reliant (Mason & Poduska, 1986).

The delivery of family economics and resource management on a one-to-one or group basis and the necessity to generate alternatives from which clients choose give rise to this model of financial counseling. Theories of family economics, resource management, and psychology are applied along with counseling skills, educational principles, and communication techniques for generating alternatives. For example, principles of psychology dealing with behavioral change are applied. Principles of management are applied in helping clients organize a household business system that will be effective for each client's unique situation. The financial counselor recognizes that plans will be implemented when the household operations and communication are effective and when clients adjust

to change and build up enough confidence to communicate and control their affairs.

Personal finance and family financial management focus on knowledge and analytical tools whereas financial counseling focuses on the processes in decision-making and behavior modification. Distinction is difficult because the knowledge and tools are applied and transmitted to the client in financial counseling along with other skills, insights, and knowledge.

Most areas in the traditional areas of home economics have application and implication for financial counseling because all areas involve the well-being of individuals/families and economics resources, both human and nonhuman. For example, the financial counselor must have a basic knowledge of food adequacy and costs, food preparation at home, basic food behavior, and food programs available in the community or government in order to suggest immediate changes in crisis intervention such as an employment lay-off

Evolution of the Literature

The evolution of financial counseling can be seen in a survey of the literature. The proceedings of the annual meetings of the Association for Financial Counseling and Planning Education, which have been published for more than 10 years, have contained research reports, in relative order of frequency, on financial management education, financial counseling, and financial planning. A few papers have focused on the educational preparation of financial counselors and planners. The topics related to financial counseling and planning are varied but are required to have implications for practitioners. Issues, such as expenditures and credit, particularly as public policy is involved, have been addressed in the Journal of Consumer Affairs. Topics in The Journal of Financial Planning have varied and have included those that could be labeled as financial counseling such as when clients face family changes. The journal Financial Counseling and Planning has published articles on financial counseling, psychological studies, financial planning, financial management education, personal finance, stock market investing, family resource management, family financial behavior, family economics, credit affairs, retirement planning, and differences between financial counseling and financial planning.

The financial counseling model presented in this article builds on the literature of university clinics, university extension publications, and trade practices. Basic procedures of financial counseling were identified (Myhre, Harrison, Harris, & Garman, 1977a) and basic financial counseling concepts were analyzed (Garrison, Myhre, Garman, & Hutchins, 1979; Myhre, Harrison, Harris, & Garman, 1977b). The simple formula was created with the intent of increasing income, decreasing expenses, and adjusting debt payments. The processes involved assessing the present situation (income, expenses, and debts), discovering the problem(s), and drawing up a new budget.

The financial clinic at University of California, Long Beach, under the direction of Buckner (1976), emphasized the identification of legal and consumer problems, present and future consequences, decision income, and steps for the client and the counselor to resolve the problem (Figure 1). With the work of Lamers (1976), the advantages and disadvantages of actions such as increasing income, reducing expenses and various debt adjustments, borrowing, and doing nothing were studied with clients in a university financial clinic.

Consumer credit counseling agencies have developed manuals for training professionals. One of the earliest manuals (Horner, 1975) included sections on credit counseling, indications of trouble and financial difficulty, before the interview, the interview, controlling the interview, motivating the client, referral sources, closing the interview, handling the program, dealing with creditors, creditor policies and practices, legal aspects, and termination of the program.

Books written afterwards built on these initial concepts, expanded the definitions, refined the techniques, and added important components to financial counseling (VanArsdale, 1982; Waddell, 1993; Williams, 1982). Williams examined all the areas in the processes in the model. Waddell included sections on financial counseling problems, financial counseling clients, determining clients' financial condition, developing a spending plan, identifying financial resources and reducing living costs, conducting a successful financial counseling session, clients' feeling about themselves with money, effective counselor attitudes and language, and counselor responses to common client situations. The book by VanArsdale contained chapters on sources and types of credit, the collection process, calculating interest, consumer legislation, credit guide, building the relationship, obtaining client information, diagnosis in theory, diagnosis in practice, understanding the person with the problem, generating alternatives, putting the plan into action, evaluating the results, bankruptcy, and planning for the future. One of Van Arsdale's main contributions was the concept that priorities cannot be clarified until the alternatives for income, reducing expenses, and debt adjustment are examined.

The latest evolution can be seen on the Internet. The Web page writers use the terms "financial counseling" and "financial planning" interchangeably in some cases and distinguish the two concepts in other cases. In the search engine of Internet in 1996, the phrase "financial counseling" revealed 1,000 hits (Bailey & Turner, 1996). Sites included correspondence courses, financial counseling offices, free financial counseling/debt management programs from the Federal Credit Union, plans with [①American Express Financial Advisors](#), community development offices, student loan offices, insurance offices, investment financial counseling offices and others. Other key words to search on the Internet are "financial consultant," "advisor," and "personal money manager."

Enlarge 200%
Enlarge 400%

Financial counseling has also evolved to the point where families are recommended to go for therapy (Bailey & Turner, 1996; Lavee & Olson, 1993). For example, typology analysis has revealed the "financially focused" couple (10.7%) agreed on financial and leisure matters but not on other areas. Financial benefits and rewards hold this type of couple together.

Recent books on the meaning of money and money's effect on family life have refined the psychological aspects of financial counseling and provide practical techniques for clients in family therapy or financial counseling (Poduska, 1993; Williams, 1995). Publications geared toward a wide audience are becoming commonplace, such as Poduska's *For Love and Money* (1993).

Areas of Change

Financial counseling is assisting clients in the development and creative use of their resources to achieve economic security or well-being by generating alternatives for change. The eclectic approach of "comprehensive financial counseling" is shown by the model; it can be used in times of transition, in a financial crisis, when a reevaluation of resources is needed, or as an evolution toward mature use of economic resources. Components in the process involve practical solutions to financial concerns or difficulties. The process in the model (Figure 2) is designed to generate alternatives or change by:

Increasing income through exploration of possible sources based on the premise that income, in the economic sense, is a flow of goods and services and not money alone. (Advice and knowledge are presented to mobilize resources through business expansion, liquidation or repositioning of assets, government entitlements, rentals, community resources, and in-kind exchange with others.)

Decreasing some expenses, maximizing use of money, avoiding additional financial burdens or increasing other expenses after analysis of family needs and recording current spending and patterns of consumer behavior. (Clients are asked to check a list of alternative ways to reduce expenses or, perhaps, participate in a role play of saying "no").

Adjusting debts, managing credit and other financial obligations either with a self-administered plan as an assertive consumer or by using credit counseling services. (Negotiation theories are applied. Debts are analyzed by how they would hurt the client if not paid, secured versus nonsecured, interest rate, and legal obligations.). Clients are shown the advantages/disadvantages of various debt adjustment plans and the costs/ consequences of various actions, such as loan consolidation, bankruptcy, or borrowing from relatives.

Clarifying and prioritizing wants and goals, then planning to meet them sequentially. (Clients are advised of the various influences and pressures upon them to consume in various ways. Clients are taught to reconcile wants among family members, to reconcile expenses with income, and to fulfill their wants in less expensive ways. Wants are prioritized by asking clients what would happen if they did not buy or do something.)

Making decisions after listing them chronologically in order of urgency, identifying the information needed to reduce risk or error, and writing the specific steps to fulfill them. (Clients are provided with possible legal consequences of their decisions, financial facts, or tax implications. Decisions are based on information and family values.)

Establishing or reorganizing a system of household and financial management with appropriate techniques, including record keeping, bill paying, controlling impulsive spending, and communicating effectively with both businesses and other family members.

Making budgets and spending-saving plans by use of appropriate formats with types of categories based on individualized needs, personality construct, and the purpose for planning. (The counselor provides telescopic vision of possible changes of income from all sources, expenses, and decisions at different stages of the family life cycle and uses techniques of "time value of money," cash-flow analysis, and statement of financial position analysis.)

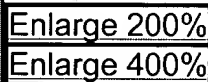
Acting effectively to fulfill consumer rights, to know the steps for recourse when these rights have been violated, and to resolve consumer complaints.

Evaluating programs for meeting past, current, and future needs against potential hazards of not providing needs and protection against risks in such areas of housing, transportation, insurance, marital disruption, children's education, investments, retirement, and elder care.

Reducing risk and optimizing resources by diversifying sources of income, providing preventive and appropriate insurance; and applying "management by objectives" processes and procedures.

In comprehensive financial counseling, the resources, processes and outcome are listed in the financial summary and plan (Figure 1). Assessment of the real problems, resources, decisions, and information needed are included. The intervention and implementation steps are clearly conveyed to the client. The financial summary and plan can be given to the referral source. This plan gives a sense of control and hope to the client; hope brings energy. The development of this financial summary and plan was based on the theories, a review of the literature, and an analysis of areas of change. In contrast, the comprehensive financial planning approach contains the components that most financial planners, consultants, or advisors use in developing their written plan for clients.

The financial counseling model provides a scholarly approach to assist clients in an organized context. A holistic approach with a broader purpose is shown. Education and counseling intervention are distinguished. The interface and overlapping of financial planning can be seen in the model. The model and areas of change expand upon earlier, simpler formulas for resolving financial difficulties. They show the evolution of the field in the various components built on traditional resource management concepts. The model raises the issues in the field and suggests where professionals can affect economic wellbeing and security. The model addresses the issue that a single focus counseling or planning may not do justice if it does not address related barriers and the processes of implementation. The summary and plan provides a tool for applying the model and for organizing the concepts for the client.



The model integrates theories and techniques from several disciplines. This approach is necessary to realistically assess the resources, educate, and intervene in a person's life to improve his or her well-being. The model identifies the various processes and their ultimate outcomes. The model can serve as a unifying force for all of the professionals in Family and Consumer Sciences, especially those in financial counseling and financial planning who have a common purpose and background of theories and principles. The financial counseling approach to helping clients, students, customers, and friends can be used to improve quality of life; this is the ultimate purpose of professionals in Family and Consumer Sciences. The interdisciplinary and holistic approach in the model of financial counseling is the traditional strength of home economics and the current challenge.

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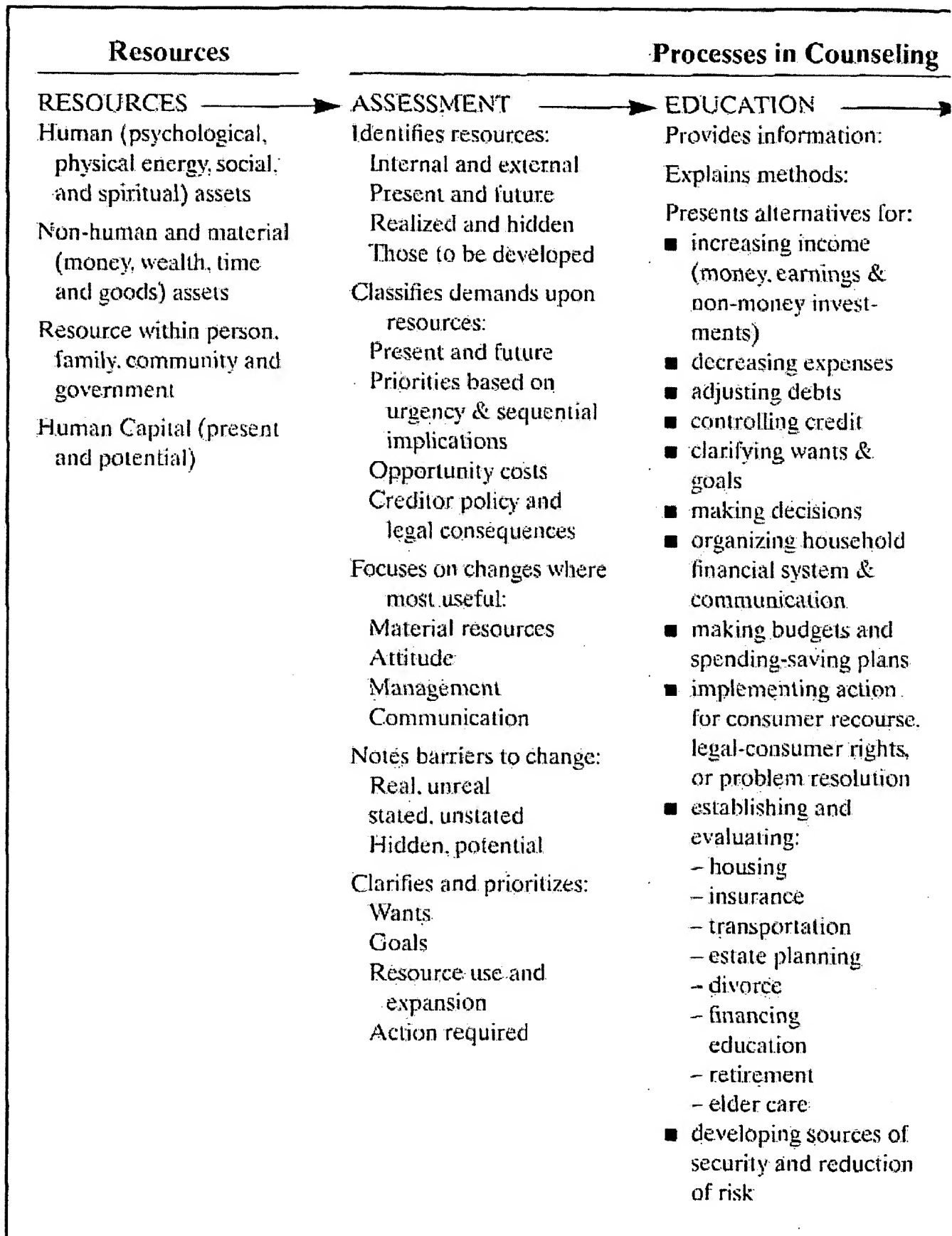


Figure 2. Model of financial counseling

Financial Summary and Plan

Presenting Problems/Questions:

Household Composition:

Financial Position

Income (monthly): \$

Source:

Expenses:

Debts:

Type:

Decision Income: \$

Value of government services: \$

Value of employee benefits: \$

Assets (financial): \$

Assets (personal):

Creditor and legal problems (current and predicted)? *Harassment? Cut in serv*
Loss of goods? Court Action?

Consumption and management problems. Need for long-range planning?

Decisions to be made:

Goal:

Information and resources needed to solve problems or make decisions:

Compliment to client on strengths:
